Short-Run Aggregate Supply, Figure 6.2

Price level (GDP deflator, 1996 = 100)

Real GDP below potential GDP

Real GDP above potential GDP

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Price level rises and money wage rate rises by the same percentage.

Price level rises and money wage rate is unchanged.

Movements Along the Aggregate Supply Curves, Figure 6.3
A Change in Potential GDP, Figure 6.4

Increase in potential GDP

Price level (GDP deflator, 1996 = 100)

Real GDP (trillions of 1996 dollars)

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A Change in the Money Wage Rate, Figure 6.5

Price level (GDP deflator, 1996 = 100)

Rise in money wage rate

Real GDP (trillions of 1996 dollars)
Changes in Aggregate Demand, Figure 6.7

- Increase in aggregate demand
- Decrease in aggregate demand

Price level (GDP deflator, 1996 = 100)

Real GDP (trillions of 1996 dollars)
Short-Run Equilibrium, Figure 6.8

- Firms cut production and prices
- Short-run macroeconomic equilibrium
- Firms increase production and prices
In the long run, money wage adjusts.
Aggregate Supply and Aggregate Demand: 1960–2001, Figure 6.14

Price level (GDP deflator, 1996 = 100)

LAS$_{60}$

Inflation

1982 recession

Mid-1970s recession

SAS$_{60}$

AD$_{60}$

2001 recession begins


Long-term growth

Real GDP (trillions of 1996 dollars)

Source: Bureau of Economic Analysis and author’s assumptions.
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